



U. S. Department of Housing and Urban Development Public and Indian Housing

Special Attention of:

ONAP Administrators;
Tribes; and Tribally
Designated Housing Entities

Notice PIH 2012- 23(ONAP)

Issued: May 21, 2012

Expires: Effective until amended,
superseded, or rescinded

Cross Reference(s):
24 CFR Part 1000
Notice PIH 2011-21
Notice PIH 2011-23

Subject: Line of Credit Control System/Voice Response System (LOCCS/VRS) for the Indian Housing Block Grant Program

- 1. Purpose.** This Notice replaces Notice PIH 2011-21 and incorporates recent changes in the Indian Housing Block Grant (IHBG) program. The Notice provides specific guidance on the use of the Line of Credit Control System (LOCCS) and the Voice Response System (VRS) for the IHBG program. It provides guidance to both the grant recipient and the Office of Native American Programs (ONAP) staff.
- 2. Background.** The IHBG program is authorized by the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA), as amended. The regulations governing the IHBG program are found at 24 CFR Part 1000. This Notice provides program-specific guidance for the IHBG program area created in LOCCS. General guidance for recipients as well as links to all required user forms identified in the Notice is provided in the *LOCCS Access Guidelines for Grantees* (available at http://portal.hud.gov/hudportal/HUD?src=/program_offices/cfo/locce_guidelines).
- 3. Overview.** LOCCS is the system HUD uses to disburse and track the payment of grant funds to grant recipients. LOCCS provides ONAP with a method for reviewing the history of payments to grant recipients. The grant recipient uses the LOCCS/VRS to requisition grant funds, as needed.
- 4. LOCCS Guidance.**
 - a. **Establishing a Grant in LOCCS:** To establish a grant in LOCCS, the Area ONAP must submit the Funding Approval/Agreement, form HUD-52734-B, (Attachment I) to the Chief Financial Officer Accounting Center (CFOAC) at the following address:

U.S. Department of Housing and Urban Development
CFO Accounting Center
801 Cherry St, Unit #45, Suite 2500
Fort Worth, TX 76102

The HUD-52734-B can also be faxed to (817) 978-5748.

The CFOAC will not accept the HUD-52374-B without the recipient's Data Universal Numbering System (DUNS) number and verification from the Central Contractor Registration that the recipient is registered and that it is valid.

The CFOAC will enter the fund obligation amount from the HUD-52734-B into the Program Accounting System (PAS). LOCCS will automatically retrieve this information from PAS. For detailed information on the various actions that must take place before a grant is established in LOCCS, Area ONAPs can refer to the *LOCCS Program Area Business Rules/Functions* document found on the CFO website (<http://hhhqnwd024/po/f/loccs/loccpsdf/loccsfunc.cfm>).

NAHASDA Guidances 98-7 (Tribe/TDHE) and 98-03A (ONAP) also provide additional details on the various forms required for an IHBG project. NAHASDA Guidances applicable to tribes and tribally designated housing entities (TDHE) can be found at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/ih/co_detalk/nahasda/guidance

If the grant recipient is an "umbrella" TDHE, whereby it serves more than one tribe, and the TDHE submits an Indian Housing Plan (IHP) for each tribe it serves, a HUD-52734-B must be executed for each tribe. If the TDHE submits one IHP for all the tribes it serves, a single HUD-52734-B should be executed, with an addendum identifying the tribes and amounts included in the HUD-52734-B.

- b. Single Grant Numbering System: Notice PIH 2011-23 provided information and guidance on the new IHP/Annual Performance Report (APR) Form. In conjunction with the implementation of the new form, the Notice explained that grant numbers will no longer change from year-to-year. Starting with recipients whose program year began October 1, 2011, a single grant number beginning with the digits '55' replaced the traditional IHBG numbering system. Any grants with undisbursed amounts in LOCCS at the time of the transition were or will be rolled into the new grant number. Subsequently awarded IHBG funds will be added under the same grant number in LOCCS. LOCCS will automatically disburse the oldest funds first.
- c. LOCCS Security: To gain access to the IHBG program area in LOCCS, all users of either LOCCS or LOCCS/VRS must be authorized for that program area. To obtain authorization, the grant recipient's staff person must submit a *LOCCS Voice Response System Access Authorization*, form HUD-27054, with the IHBG program code in block

5a and “Indian Housing Block Grant” in block 5b. The form must specify what type of access is being requested in block 5c (Query Only or Project Drawdown), based on the activities that the staff person will perform in LOCCS/VRS. If the staff person is requesting access as a new user in LOCCS or is reinstating its LOCCS access, the form must be notarized. For additional information and a link to the HUD-27054, see Section I of the *LOCCS Access Guidelines for Grantees*. The HUD-27054 should then be sent to the Area ONAP for review. The Area ONAP will retain a copy and forward the original HUD-27054 to the following address:

U.S. Department of Housing and Urban Development
Office of the Chief Financial Officer, FYM
Attention: User Support Branch
P.O. Box 23774
Washington, DC 20026-3774*

*If mailing by overnight delivery, the address is 451 7th Street SW, Room 3114, Washington, DC 20410.

LOCCS will automatically generate a notification letter to the requesting user when the request for access has been processed.

ONAP staff must also request authorization for access to the IHBG program area in LOCCS. To do so, ONAP staff must complete the *LOCCS Access Authorization Template for HUD Staff and Contractors*. Block 12 of the form must include the IHBG program area code (IHBG), along with the type of access requested (see the form instructions for additional information on the types of access available). This form and information on the additional processing steps for LOCCS access is available to ONAP staff at <http://hudatwork.hud.gov/po/f/systems/access/>.

- d. **Banking Information:** If a grant recipient has not previously used LOCCS, it must submit to the Area ONAP a *Direct Deposit Sign-Up*, form SF-1199A and a cancelled check or copy of a cancelled check from the bank account where the funds are going to be deposited. A link to the form and detailed instructions are found in Section II of the *LOCCS Access Guidelines for Grantees*. The Area ONAP will review the form, retain a copy, and then forward the original SF-1199A and cancelled check to:

U. S. Department of Housing and Urban Development
Office of the Chief Financial Officer
Ft. Worth Accounting Center
801 Cherry St, Unit #45, Suite 2500
Fort Worth, TX 76102-6882

The information contained on the form allows for the automatic deposit of funds requested from LOCCS/VRS into the recipient’s bank account. The form requires the

grant recipient's Tax Identification Number (TIN), bank name, account number, and the type of account.

Since banking information can be maintained in LOCCS at three different levels (i.e., TIN, Program Area, or Grant), if a grant recipient has previously used LOCCS for other programs, an SF-1199A must be used to establish different banking information specific to either the IHBG program area or to the grant itself. To establish banking information specific to the IHBG program area, specify IHBG in Section 1, block G of the SF-1199A.

- e. Drawing down funds from LOCCS: There are two ways LOCCS funds can be accessed, through VRS or eLOCCS. At the present time, IHBG recipients use VRS, which is a telephonic system. Under eLOCCS, rather than phoning in a voucher request, recipients will be able to access their funds over a web-based system. Further guidance on this will be issued in the near future when it is available to IHBG recipients.

Using LOCCS/VRS, the grant recipient must prepare a voucher for every payment request made. The grant recipient should complete items 3-14 of *LOCCS/VRS Indian Housing Block Grant Payment Voucher*, form HUD-50080-IHBG (Attachment II), before placing the call to LOCCS/VRS. During the call, LOCCS/VRS will generate the voucher number to be inserted in item 1. All voucher numbers for the IHBG program area begin with the number 079 that has been pre-printed on the form HUD-50080-IHBG. (Please note that the VRS Instructions refer to form HUD-27053; however, the HUD-50080-IHBG should be used for the IHBG program.) For detailed steps and information on the LOCCS/VRS call-in process, see Section III of the *LOCCS Access Guidelines Grantees*. The grant recipient must keep the original voucher and backup documentation on file to support the drawdown request. Copies of the voucher are not to be sent to HUD unless specifically requested by the Area ONAP.

5. Components of LOCCS.

- a. Program Area Identifier Code: Each program within LOCCS has a three or four character program area identifier code. The LOCCS program area code for the IHBG program is **IHBG**. Grant recipients will note this code is preprinted in block 2 of the *LOCCS/VRS Indian Housing Block Grant Payment Voucher*, form HUD-50080-IHBG. ONAP staff will use this code at the initial sign-on screen in LOCCS for access to the IHBG program area.
- b. VRS Number: Each grant established in LOCCS is automatically assigned a unique 10-digit number. This number is used by the grant recipient in the LOCCS/VRS to specify which grant is being accessed. The LOCCS/VRS number format is #####-**@@@, where:

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Represents a base number assigned by LOCCS to the recipient
Represents a numeric code assigned by LOCCS to the program area. The numeric code of the IHBG program area is **79**.

@@@ Represents a sequential number beginning with 001 representing the number of grants assigned to the recipient within the program area.

LOCCS generates a VRS number for each new project after the Area ONAP staff divides the grant funds into one or more specific funding activities. LOCCS automatically generates a letter notifying the recipient of the assigned VRS number. Under the single grant number system, the original VRS number will be maintained as funds are added each year to the existing '55' project.

- c. Budget Line Items. Under the single grant numbering system, all funds will be placed in Budget Line Item (BLI) 1602, IHBG Balance. Disbursements will be directed against that BLI.

While environmental review requirements apply to most IHBG activities, due to the nature of the IHBG program and the range of activities that may be performed under the IHBG, ONAP will not control the release of funds in LOCCS. **It is the grant recipient's responsibility to ensure that prior to obligating or expending funds, all environmental review requirements have been met according to 24 CFR Parts 50 or 58. It is to be noted that a drawdown request through LOCCS is not the Request for Release of Funds (RROF) that is required under Section 105(b) of NAHASDA.** If HUD has an edit on a recipient's grant for failure to comply with the environmental review requirements, as explained in 5.d.ii) below, HUD may refuse a drawdown request until the recipient has provided proof of compliance.

- d. Grant Thresholds and Edits.

- i) Monthly Thresholds: Because all IHBGs have transitioned or are going to be transitioned to the single grant, there will no longer be a monthly drawdown threshold put on an IHBG account. Prior to this transition, if a grant recipient's voucher request in LOCCS/VRS caused the sum of drawdowns for that month to exceed 10 percent of the full grant amount, the voucher request was sent to the Area ONAP for review and approval.
- ii) General Edits: Edits may be placed on a LOCCS project which then requires a recipient to provide supporting documentation to ONAP before funds are disbursed to the recipient. An Area ONAP may place an edit on a grant recipient's LOCCS account under certain circumstances, principally for: (1) failure to comply with environmental review requirements, (2) failure to submit an acceptable APR, (3) failure to submit an audit compliant with the Single Audit Act and Office of Management and Budget Circular A-133, or (4) documented concerns on the part of ONAP regarding the use of grant funds.

Before imposing such edits, ONAP will inform the grant recipient of the reason(s) for the edit(s) and the documentation required to support future drawdown requests. LOCCS/VRS will then notify the requester that an Area ONAP review is required

before a payment can be disbursed. The grant recipient should notify the Area ONAP after a voucher has been entered into LOCCS/VRS so that the approval may be expedited.

To place an edit on a recipient's grant due to "documented concerns on the part of ONAP regarding the use of grant funds," the Area ONAP must have issued a monitoring report, management decision letter for an audit report, or other document to the recipient that clearly conveys HUD's concern about the expenditure of IHBG funds such as a monitoring report or audit identifying questioned costs or an audit with an adverse opinion or disclaimer of opinion.

Placing edits on a grant for these reasons should not be confused with making a determination that a recipient is "high risk" under 24 CFR § 85.12, (for governmental entities). To make a recipient "high risk," the Area ONAP would make such a determination based on the conditions listed under § 85.12(a) and would place the appropriate special condition(s) or restriction(s) on the recipient's grant, which are listed under § 85.12(b), as long as the special condition(s) or restriction(s) do not conflict with 24 CFR Part 1000, Subpart F. **Of special note, general edits discussed in this Notice would be placed on a recipient's "current" or "open" grant. Special conditions or restrictions due to a "high risk" determination are only placed on a grant that is to be awarded.**

- e. Close-Out Date: As explained in Notice PIH 2011-23, each open IHBG transitioned to the single grant is to be closed out in the fiscal year 2011 APR, starting with the APR due by December 30, 2011. Thereafter, IHBGs will not be closed out. (Please note: This does not apply to Native American Housing Block Grants awarded under the American Recovery and Reinvestment Act of 2009. Those grants will be closed out once the recipient submits a final APR and all funds have been expended. The Area ONAP will enter the close-out date, which is the date of the Area ONAP's letter notifying the recipient the final APR is complete, in the "Contract Dates" screen in LOCCS.)
- f. Investments: According to 24 CFR § 1000.58(g), investment of IHBG funds may be for a period no longer than 2 years. It is the recipient's responsibility to ensure that the investments do not exceed the 2-year limitation and that those funds are expended for affordable housing activities under Section 202 of NAHASDA. If the 2-year period has been exceeded, the recipient will need to return the funds to the recipient's LOCCS account and return any interest earned in excess of the 2-year limit to HUD. Recipients should be reporting the amount and date of LOCCS draws for investment purposes on the quarterly SF-425, Federal Financial Report. Refer to Program Guidance 2012-1 (Tribe/TDHE), page 4 and Notice PIH 2011-43 (TDHEs) for further guidance on investments.

6. Reporting Requirements.

- a. Federal Financial Report, SF-425: An IHBG recipient must submit the SF-425 (Attachment III) to the Area ONAP within 30 calendar days of the end of each quarter (i.e., April 30th, July 30th, October 30th, and January 30th). LOCCS will automatically generate a letter 15 days before the end of each quarter, to remind the grant recipient to submit the SF-425. The Area ONAP is responsible for entering into LOCCS the receipt date of the form, using the “Receipt of Outstanding Document” screen. If the Area ONAP does not acknowledge receipt of the SF-425 in LOCCS within 30 calendar days after the end of the quarter, LOCCS will automatically notify the grant recipient that the report is overdue.
- b. Annual Performance Report: According to 24 CFR § 1000.514, the APR must be submitted to the Area ONAP within 90 calendar days of the end of the grant recipient’s program year. Because LOCCS cannot perform the following functions automatically, the Area ONAP is responsible for notifying the grant recipient before the end of the grant recipient’s program year to submit the APR. If the APR is not received by the Area ONAP within 90 calendar days of the end of the grant recipient’s program year, the Area ONAP will notify the grant recipient that the report is overdue by issuing a Letter of Warning, in accordance with 24 CFR § 1000.530(a)(1). The Letter of Warning should inform the recipient that ONAP is imposing a general edit on its grant, which requires supporting documentation be submitted to ensure that planned expenditures comply with NAHASDA statutory and regulatory requirements.

7. **Additional Guidance.** For program-specific guidance for other ONAP-administered programs (Indian Community Development Block Grant, Resident Opportunities and Self-Sufficiency, etc.), a grant recipient should contact its Area ONAP. Persons with hearing or speech impairments may access this number via TTY by calling the Federal Information Relay Service at (800) 877-8339. For detailed, non-program specific LOCCS/VRS guidance, please refer to the *LOCCS Access Guidelines for Grantees*.

/s/

Sandra B. Henriquez
Assistant Secretary
for Public and Indian Housing

Attachments

[Form SF-425](#)
[Form 50080-IHB](#)
[Form 52734-B](#)